GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2388
ANSWERED ON:01.08.2016
FDI in Retail Sector
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the policy to allow 100 per cent FDI under automatic route will bar Indian e-commerce companies from flouting previous policy norms to gain an unfair advantage, given that the Government does not allow FDI in multi-brand retail companies;

(b) if so, the details thereof along with the manner in which the Government intends to protect small and medium enterprises with the new policy;

(c) whether the new guidelines are likely to settle the feud between the online and offline retailers; and

(d) if so, the details thereof along with the quantum of FDI inflow expected in B2B sector in the country during the current year?

Answer

???????? ??? ?????? ???????????? (????????? ??????)(??????? ??????? ???????)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a) to (c): As regards FDI policy on e-commerce sector, 100% FDI under automatic route has been permitted in B2B activities since 2000 notified vide Press Note 7 (2000) dated 14.07.2000. The Government has recently issued guidelines clarifying that marketplace model of e-commerce is equated as B2B e-commerce.

FDI in B2C e-commerce activities has been permitted only for single brand retail trading entity operating through brick & mortar stores, food product retail trading entity in respect of food products manufactured and/ or produced in India and a manufacturer in respect of goods manufactured in India.

Thus, the above mentioned guidelines for e-commerce including allowing FDI in B2C e-commerce activities in a calibrated manner would inter alia bring clarity in the FDI policy on e-commerce sector and create a level playing field between e-commerce entities and offline retailers including small and medium enterprises.

(d): FDI inflows in a sector cannot be anticipated as FDI is largely a matter of private business decisions. FDI inflows depend on a host of factors such as availability of natural resource, market size, infrastructure, political and general investment climate as well as macro-economic stability and investment decision of foreign investors.
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